

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

In re:

Case No. 09-67103

ELECTRIC STICK, INC.,

Chapter 11

Debtor.

Judge Thomas J. Tucker

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**ORDER REQUIRING DEBTOR TO AMEND DISCLOSURE STATEMENT**

On December 29, 2009, Debtor filed a plan and disclosure statement, in a document entitled “Combined Chapter 11 Plan of Reorganization and Disclosure Statement” (Docket # 56). The Court cannot yet grant preliminary approval of the disclosure statement contained within this document (“Disclosure Statement”). The Court notes the following problems, which Debtor must correct.

First, neither the Plan nor the Disclosure Statement states the amount of Administrative Claims. Debtor must amend Article II, Paragraph 2.1 of the Plan on page 7 to state at least estimated amounts for all Administrative Claims.

Second, Paragraph II.B of the Disclosure Statement on page 20 states, in relevant part: “The compensation of the principals has been based entirely [on] profitability. With the exception of the need for relatively small capital expenditures from time to time, all profits of the business have been distributed to the Principals.” Debtor must state the amount of profits that have been distributed to the principals for each of the 3 years prepetition.

Third, Paragraph V.B of the Disclosure Statement on page 24 states: “The Debtor will continue to be managed by owners George and Mary Marvaso. Their compensation will be draws based solely upon any profits realized after payment of all operating expenses as outlined

in the Plan of Reorganization.” Debtor must amend this paragraph to provide at least an estimate of what the compensation of the principals will be for the 5-year length of the Plan based on the Debtor’s projections.

Fourth, Paragraph III.B.3 of the Disclosure Statement on page 21 states: “The Debtor negotiated an adequate protection payment and continuing terms with DTE Energy for utility services.” Debtor must provide the amount of the adequate protection payment and summarize the continuing terms of its agreement with DTE Energy. Debtor must also provide summaries of the important details of any cash collateral, or post-petition financing orders. If no such orders have been entered, Debtor must state this.

Fifth, Debtor must amend Paragraph VI.E of the Disclosure Statement at pages 26-27, describing the “Effect of Confirmation,” so that it states verbatim the applicable language required in Paragraph VI.E of the “Requirements For Information To Include In the Combined Plan and Disclosure Statement (Judge Tucker),” which can be found at [http://www.mieb.uscourts.gov/forms/plan\\_tucker.pdf](http://www.mieb.uscourts.gov/forms/plan_tucker.pdf). on the Court’s website. That language is as follows:<sup>1</sup>

If the plan is confirmed by the Court:

1. Its terms are binding on the debtor, all creditors, **shareholders** and other parties in interest, regardless of whether they have accepted the plan.
2. Except as provided in the plan **and in 11 U.S.C. § 1141(d)(5)**,
  - (a) In the case of a corporation that is reorganizing and continuing business:
    - (1) All claims and interests will be discharged.

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<sup>1</sup> The wording highlighted in bold is missing from the Disclosure Statement.

- (2) Creditors and shareholders will be prohibited from asserting their claims against or interests in the debtor or its assets.

Accordingly,

IT IS ORDERED that Debtor must file, no later than **January 15, 2010**, an amended combined plan and disclosure statement which corrects the above stated problems.

IT IS FURTHER ORDERED that Debtor also must provide to Judge's chambers, no later than **January 15, 2010**, a redlined version of the amended combined plan and disclosure statement, showing the changes Debtor has made to Debtor's "Combined Chapter 11 Plan of Reorganization and Disclosure Statement" (Docket # 56), filed December 29, 2009. Debtor must submit this redlined document to chambers electronically, through the Court's order submission program.

**Signed on January 08, 2010**

/s/ Thomas J. Tucker  
**Thomas J. Tucker**  
**United States Bankruptcy Judge**